

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 NEA-10 AF-10 SCEM-02 EB-11 INT-08 SCI-06

COME-00 STR-08 TRSE-00 OMB-01 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 DRC-01 /160 W

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R 101458Z JAN 74

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 7397

C O N F I D E N T I A L BUCHAREST 0104

E.O. 11652: GDS

TAGS: ENRG, RO, XF

SUBJECT: LOCAL NATO DISCUSSION OF ROMANIAN-ARAB RELATIONS AND
ROMANIAN VULNERABILITIES TO POSSIBLE ARAB SANCTIONS

1. NATO DCM MEETING RECENTLY DISCUSSED POSSIBLE ARAB
BOYCOTT ACTIONS AGAINST ROMANIA AS WELL AS ROMANIA'S
PETROLEUM NEEDS AND ITS VULNERABILITY TO A CUTOFF IN
ARAB PURCHASES OF ROMANIAN PRODUCTS. SOME OF THE INFORMA-
TION FURNISHED BY OTHER NATO EMBASSIES, ALTHOUGH
FRAGMENTARY, IF OF INTEREST AS ARE THEIR VIEWS.

2. GENERAL VIEWS. LIKE US, OTHER EMBASSIES BELIEVE
ROMANIANS ARE MORE VULNERABLE TO ARAB BOYCOTT OF ROMANIAN
EXPORTS THAN TO CUT-OFF OF CRUDE OIL SHIPMENTS ALTHOUGH
LATTER ALSO HAS SOME IMPACT. SEVERAL SOURCES NOTED FORTH-
COMING ARAB MEETING AT ABU DHABI WHERE ARAB POLICY TOWARD
ROMANIA WAS SAID TO BE FIRST ITEM ON AGENDA. EVEN IF
ARABS TOOK STRONG BOYCOTT ACTION TO FORCE A SHIFT IN
ROMANIAN POLICY, ALL NATO REPRESENTATIVES WHO VOICED
OPINIONS--INCLUDING FRENCH AND UK--DID NOT BELIEVE
ROMANIA WOULD BREAK RELATIONS WITH ISRAEL OR OTHERWISE
SHIFT ITS BASIC POLICY STANCE SINCE THIS WOULD UNDERMINE
ROMANIA'S ENTIRE POSTURE OF "PRINCIPLED" APPROACH TO
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FOREIGN POLICY THAT IS ESSENTIAL INGREDIENT OF ITS

TACTICS IN MAINTAINING AND ENLARGING ITS INDEPENDENCE.
ALL AGREED THAT GOR WOULD CONTINUE TO PLACATE ARABS AND
BEND ITS PRINCIPLES TO SOME DEGREE, HOWEVER, TO AVOID
ECONOMIC HARDSHIPS, IF POSSIBLE.

3. VULNERABILITY TO BOYCOTT OF ROMANIAN EXPORTS. SEVERAL
NATO REPS ESTIMATED THAT ROMANIA RECEIVED FROM 20 TO 25 PER
CENT OF ITS FOREIGN EXCHANGE EARNINGS FROM ARAB COUNTRIES.
(PUBLISHED ROMANIAN FOREIGN TRADE DATA FOR 1972 SHOW THAT
ROMANIAN EXPORTS TO NINE PRINCIPAL ARAB TRADING PARTNERS
AMOUNTED TO APPROXIMATELY 11 PER CENT OF ROMANIA'S TOTAL
ESTIMATED EXPORTS TO NON-COMMUNIST COUNTRIES. HOWEVER,
CREDIT BALANCE IS HEAVILY IN FAVOR OF ROMANIA TO THESE
COUNTRIES TO TUNE OF ABOUT 290 MILLION LEI EQUIVALENT.
WHILE WE ARE NOT COMPLETELY SURE HOW NATO REPS ARRIVED
AT FIGURES OF 20-25 PER CENT CITED ABOVE OR PRECISELY
WHAT FIGURE IS INTENDED TO MEAN, WE BELIEVE IT SIGNIFIES
PERCENTAGE OF TOTAL TRADE SURPLUS FROM THOSE HARD
CURRENCY COUNTRIES WITH WHICH ROMANIA HAS CREDIT BALANCES.)

4. ROMANIAN-ARAB OIL RELATIONS. THERE WAS GENERAL AGREE-
MENT THAT ROMANIA PRODUCES ABOUT 14 MILLION TONS OF CRUDE
ITSELF AND HAS A REFINING CAPACITY OF 20 TO 21 MILLION
TONS (ALTHOUGH DUTCH QUOTED VISITING SHELL EXPERT AS
BELIEVING THAT ROMANIA COULD PERHAPS REFINE UP TO 25 MILLION
TONS IF IT USED ITS ENTIRE CAPACITY TO UTMOST). ALL WERE
AGREED THAT ONLY DEFINITELY KNOWN QUANTITY ON CRUDE IMPORTS
WAS AGREEMENT WITH IRAN FOR IMPORTING 2 MILLION TONS
ANNUALLY. ITALIAN CHARGE REPORTED RECENT TALK WITH IRANIAN
CHARGE, HOWEVER, THAT IRANIANS HAD ONLY DELIVERED ONE-
QUARTER OF THIS AMOUNT IN 1973. SAME IRANIAN SOURCE HAD
PREVIOUSLY TOLD US THAT AGREEMENT PROVIDED FOR DELIVERY
IN PERSIAN GULF AND IT WAS ROMANIAN PROBLEM ENTIRELY OF
HOW TO GET IT TO ROMANIA (WE UNDERSTAND THAT MOST HAS COME
BY WAY OF EILAT AND ISRAELI PIPELINE IN PAST). GREEK DCM
REPORTED MESSAGE JUST RECEIVED FROM ATHENS THAT TWO SHIP-
MENTS OF IRANIAN OIL HAD BEEN OFF-LOADED IN GREECE DURING
DECEMBER, ONE FOR 220,000 TONS AND ONE FOR 240,000 TONS,
BOTH DESTINED FOR ONWARD SHIPMENT TO ROMANIA.

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5. SEVERAL REPS HAD REPORTS THAT ROMANIAN IS BEING OFFERED
ARAB OIL FROM NUMBER OF ARAB SOURCES AT SLIGHTLY HIGHER
THAN REGULAR PRICES. FRENCH AND ITALIANS ALSO REPORTED
HEARING THAT ONE TANKER BOUND FOR ROMANIA HAD BEEN
DIVERTED TO WESTERN EUROPE THROUGH RESALE OF ITS CARGO
WHILE AT SEA.

6. FRENCH DCM REPORTED KNOWLEDGE OF EXISTING CONTRACT WITH

ALGERIA FOR EXPORT OF 500,000 TONS TO ROMANIA, CONTRACT BEING PRE-WAR AND EXTENDING OVER MORE THAN ONE YEAR. SAME SOURCE SAID FRENCH HAVE BEEN TOLD BY ROMANIANS THEMSELVES THAT THEY ARE BUYING LIBYAN OIL SINCE DELAY IN DELIVERY OF CERTAIN REFINED PRODUCTS FROM ROMANIA TO FRANCE WAS EXCUSED ON BASIS OF DELAYS IN RECEIPT OF CRUDE FROM LIBYA.

7. DUTCH DCM REPORTED POST-WAR LIBYAN OFFER TO SELL 750,000 TONS OF CRUDE TO ROMANIA IF ROMANIANS COULD ARRANGE TO PICK IT UP AT LIBYAN PORT. THIS INFO BASED ON GOR APPROACH TO SHELL FOR TANKERS WHICH SHELL REFUSED ON BASIS OF ITS BEING NATIONALIZED BP PROPERTY. DUTCH SOURCE ALSO QUOTED SHELL EXPERT ESTIMATE THAT ROMANIA ONLY ABLE TO USE 60 PERCENT OF ITS REFINING CAPACITY AT PRESENT (VALIDITY OF THIS ESTIMATE IS NOT KNOWN TO US NOR WAS BASIS OF CALCULATION EXPLAINED; IT COULD RELATE TO 25 MILLION GOR REFINING CAPACITY).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, FOREIGN RELATIONS, EXPORTS, PETROLEUM PRODUCTION, MEETINGS, TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BUCHAR00104
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: BUCHAREST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740151/aaaabwlt.tel
Line Count: 135
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2002 by elyme>; APPROVED <20 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LOCAL NATO DISCUSSION OF ROMANIAN-ARAB RELATIONS AND ROMANIAN VULNERABILITIES TO POSSIBLE ARAB SANCTIONS
TAGS: ENRG, RO, XF, NATO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005